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PHILADELPHIA INQUIRER  
27 August 1987

# Aide: Casey warned on arms dealers

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Inquirer Washington Bureau

WASHINGTON — Driven by a desire to free the U.S. hostages in Lebanon, the late CIA Director William J. Casey ignored damaging information developed by his own agency about people involved in the arms sales to Iran, according to the congressional testimony of a top CIA official released yesterday.

Clair George, the CIA deputy director of operations, said that he strenuously

objected to the administration's use of both Richard V. Secord, the retired Air Force officer who played a key role in the Iran-contra affair, and Manucher Ghorbanifar, the Iranian middleman. But George said that his objections were ignored and that he was finally cut out of the operation by Casey.

George also offered new details of a 1985 scheme to ransom up to seven hostages for \$1 million each. He described as "a fake" the Lebanese go-between with whom Lt. Col. Oliver L. North, the fired National Security

Council aide, was dealing in the scheme.

George's testimony during closed sessions of the congressional Iran-contra committees Aug. 5 and 6 adds new details to the administration's efforts to free the hostages, which he referred to as a "brutal, ugly story."

He said he raised his strongest objections to Casey about involving Ghorbanifar in the arms sales to Iran. George testified that the CIA had used Ghorbanifar as a source of information from 1979 to 1981 when

Americans were being held in the U.S. Embassy in Tehran.

But slowly, George testified, "it became evident to us that Mr. Ghorbanifar's information, intelligence, regardless of the subject, was inaccurate, incomplete and dishonest."

George said that in January 1986, when U.S. officials gave Ghorbanifar a polygraph examination to test his truthfulness, "he showed deception on 13 out of 15 questions. The only questions he passed were his name

and his nationality."

George said he sent a cable warning CIA agents to steer clear of Ghorbanifar and urged Casey to cut Ghorbanifar out of the deal.

But his efforts failed. "When I went in and made my strong plea for breaking off with Mr. Ghorbanifar, Bill Casey moved the operation from myself to someone else," George said. George said it was clear that people with greater power, including Casey and North, had decided to put their trust in Ghorbanifar.

George also testified that he urged Casey not to involve Secord, who became North's key civilian operative in the Iran-contra initiative.

George said he objected to Secord because of his alleged connections with Edwin P. Wilson, a former CIA agent convicted of selling explosives to Libya. "He was just not a guy I wanted to do business with," George testified.

He said he was "surprised, shocked" that Secord was involved in the initiative.

George said that Casey's sidestepping of his advice indicated frustration on the part of top government officials with the advice and style of career intelligence officers. "This is not the first administration and will not be the last that becomes totally frustrated with its spy service," he said.

George also dismissed as "a scam" the hostage ransom efforts in 1985 and 1986 using Drug Enforcement Administration agents.

Key proponents of the 1985 plan, documents indicate, were North and Edward V. Hickey Jr., then director of the White House military office and a former bodyguard whom President Reagan employed when he was governor of California.

Using \$2 million contributed by Texas billionaire H. Ross Perot, they proposed to bribe leaders of Islamic Jihad, which had claimed responsibility for the abduction of some U.S. hostages, according to the documents released with George's testimony. The key go-between was a Beirut informant, code-named "Elias," who worked for Cyprus-based DEA agents tracking Middle Eastern hash-

ish and heroin.

North, after meeting with Elias in Washington, proposed that two DEA agents handling Elias be placed on temporary detail to the National Security Council for 30 days. They were to rent a safe house in Cyprus and a yacht to carry released hostages to it from Lebanon. Elias' plot was to "bribe free for \$1M apiece," according to a memo by North, at least two and as many as seven U.S. hostages.

An additional \$1.5 million, deposited in an account in Vienna, would be released once all U.S. hostages were safe in Cyprus, according to North's memos.

Perot provided, on North's request, \$200,000 in expenses for Elias after DEA officials refused to finance the non-DEA project. The CIA, according to George, also refused, unless Elias could show that he had contact with the hostage most important to the agency, Beirut station chief William Buckley. Buckley is believed to have died in captivity.

Elias and Perot's \$200,000 disappeared in July, according to congressional investigators, after Elias provided his DEA handlers with a July 1985 Beirut newspaper on which were scribbled the initials "WRB." The handwriting was forged, Buckley's middle initial was "F" not "R" and Elias was "a fake," George concluded.

George also said he was surprised by the congressional testimony of Assistant Secretary of State Elliott Abrams, who denied any U.S. involvement in aiding the contras in Nicaragua.

"I was surprised Abrams made that statement," George said. "It was so categorical."

George said he was aware that the United States was providing the contras intelligence information but did not tell Congress because he believed that kind of assistance was legal.

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